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West Georgia Regional Update

Carroll, Coweta, Douglas, Haralson, & Paulding County

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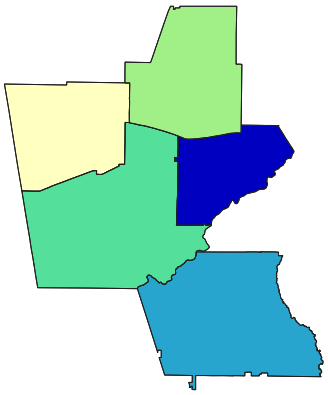

Industry Spotlight: The Film and Media Industry Re-Discovers West Georgia Locations

While many West Georgia firms have been struggling to wrench themselves from the grips of the recession, one high-profile industry is shining a positive spotlight on the region. The film industry has re-discovered the West Georgia area in recent years, due partly to changes in state tax legislation signed into law in May 2008. The Georgia Entertainment Investment Act provides state corporate income tax credits of up to 30% of total tax liability for eligible productions such as films, TV series, and music videos. According to the Georgia Film, Music, and Digital Entertainment department, total production budgets in 2008 in Georgia were $294.7 million compared to $262.1 million in 2007, a 12.4% increase in industry activity the midst of the current downturn. Industry projections are for continued growth in 2010. According to Scott Tigchelarr, president of RiverWood Studios in Senoia, Georgia is attracting the industry due to the attractiveness of the state tax incentives. Efforts are underway to build an infrastructure of filming locations, as well as skilled workers to support the industry.

Coweta County has seen an influx of filming crews in both the downtown Newnan area, and in Senoia. The films *Zombieland*, *Five Killers*, and *Get Low*, as well as the television series *Drop Dead Diva* were all filmed in Coweta over the past year.

Zombieland, starring Woody Harrelson, had scenes filmed in downtown Newnan in 2009.

Carroll County has also seen several projects

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West Georgia Regional Update

Like the state and the nation, the West Georgia economy has been hit hard in the current recession, considered by many economists to be the most severe economic downturn in the U.S. since the Great Depression of the 1930's. As of December 2009, all of the counties in the region had unemployment rates in excess of the national average of 9.7%. Douglas and Haralson counties posted the highest rates in the region at 11% and 11.4%, respectively. Currently, even the region's lowest county-level unemployment rate is in the double-digits (10.7% for Paulding).

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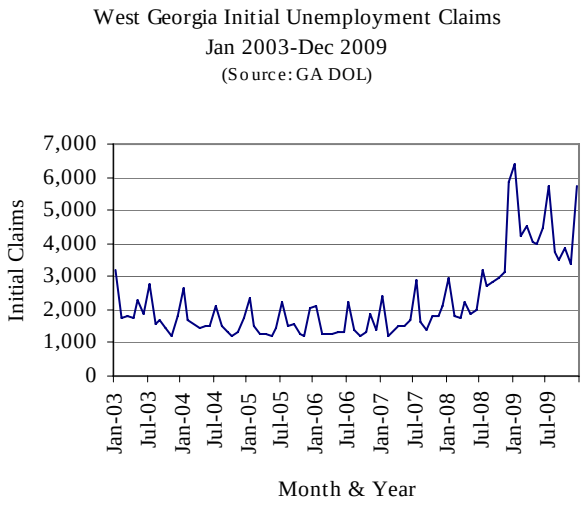
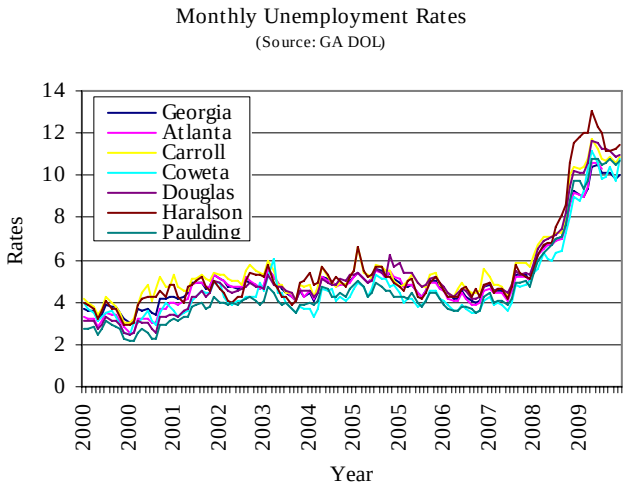
West Georgia Employment Update



Initial claims for unemployment insurance is used as a leading indicator for the national economy. For the West Georgia Region, we have seen not only a slowing of the growth in initial claims, but likely a turn in the series. This follows a similar turning point at the national level identified earlier in 2009 from the weekly initial reported by the US Department of Labor. Taken together, both the regional and national claims data indicates that job losses in the West Georgia Region are starting to subside, and additions to total employment (de-seasonalized) are likely to begin by the end of summer 2010. However, the losses of several large employers in the West Georgia Region are likely to result in a subdued recovery, as indicated by higher than expected initial claims in December of 2009.

Unemployment rates in the West Georgia Region have risen to levels that we haven't seen since the early 1980s. In 2009, all five West Georgia counties experienced monthly unemployment rates in excess of 10%, with Haralson posting the highest county-level monthly rate of 13.1% in June. However, heading into the last months of 2009, the local rates have begun to stabilize, and appear to be reaching a peak. Given that initial claims have begun to shrink (see the above graph), there is reason to be optimistic that unemployment rates will begin to decline as we enter the spring of 2010; however, the rate declines are likely to be relatively slow, not evenly spread across all industries in the region, and halting.



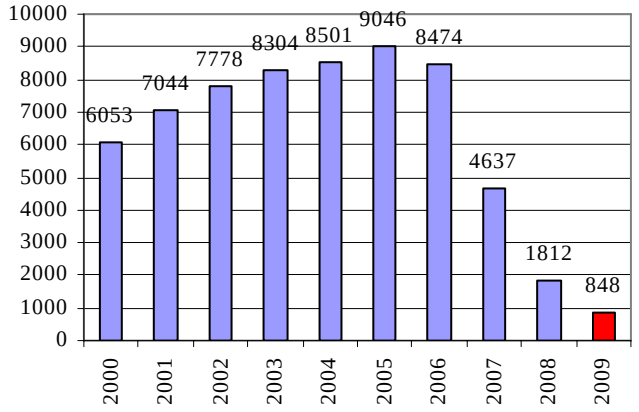
Employment Growth (% Change 2009Q2 vs. 2008Q2) (Source: GA DOL)				
Region	***Total Employment***	***Goods-Producing***	***Service-Providing***	***Govt***
Carroll	-3.4%	-10.3%	-0.5%	-1.3%
Coweta	-6.4%	-18.4%	-4.2%	-0.1%
Douglas	-9.7%	-24.6%	-8.6%	3.0%
Haralson	-9.4%	-20.0%	-3.3%	-6.0%
Paulding	-5.0%	-21.9%	-4.1%	3.9%
Georgia	**-7.2%**	**-14.2%**	**-5.1%**	**-0.6%**

Data reporting for industrial employment lags behind other data. As of the second quarter of 2009, job losses continued to be wide-spread among counties in the region and across major industrial classifications; however, hardest hit has been the goods-producing sector, which in the West Georgia Region, includes agricultural production, manufacturing, and construction. In Coweta, Douglas and Paulding, the largest number of job losses came from the construction industry. For Carroll and Haralson, manufacturing posted the largest declines. Of the 5 counties in the region, 4 lost a larger share of goods-producing jobs than the state average. With the exception of in Douglas County, service-providing jobs in the region fared better than the state on average.

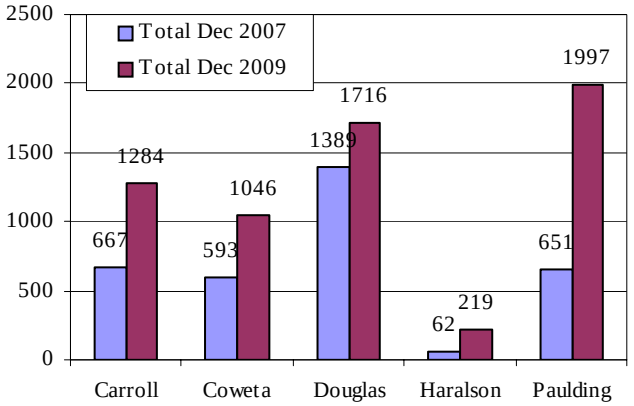
West Georgia Housing & Finance Update

The reason West Georgia has felt the effect of this most recent recession much more than it did in 2001 is because of its heavy reliance on population-driven economic growth. As a result, recovery in the new housing market for the region remains elusive. In 2005, West Georgia issued permits for 9,046 single family units, which marks the peak in housing permits for the region. Since then, however, new housing permits have posted 4 years of consecutive of declines, with the last three years at –45.3% (2006-07), -61.0% (2007-08) and –53.2% (2008-09). By the end of 2009, permit levels for the 5-county region are estimated at 848 new single family residential permits, which marks an overall decline of 90.6% since 2005.

Single Family Housing Permits West Georgia Region



Properties Bank-Owned or Auctioned
Dec 2007-Dec 2009
(Source: Realtytrac.com)



Inventories of foreclosures continue to negatively impact the region. In the 2-year period between December 2007 and December 2009, the number of foreclosures increased in all 5 West Georgia Counties. Haralson's foreclosures increased by 253%, from 62 to 219 properties either bank-owned or up for auction. In percentage terms, Paulding had the second largest growth in foreclosure inventories for the period at 207%, an increase of 1,346 properties over the period. Douglas had the lowest rate of foreclosure inventory growth at 24%; however, in 2007 Douglas County had the highest number of foreclosures in the West Georgia Region. In December '09, Douglas had about 1 foreclosure in inventory for every 65 residents. Paulding had about 1 foreclosure in every 62 residents.

As foreclosures continue to rise, the strain on the financial industry mounts. Current local economic conditions in the real estate market and the recession have clearly had their impact on banking deposits both in the state as well as in the counties in the West Georgia region. As an example, during the 2000-2008 period, banking deposits grew by about 11% per year in the state. On the other hand, banking deposits only expanded by 1% in the state between 2008 and 2009. Paulding County, especially hard hit by the downturn in construction, saw its bank deposits fall by 5% during the past year. On the positive side, Douglas County's banks maintained deposit growth near the state average, while Coweta's posted deposit growth at nearly 6 times the state average over the past year.

Bank Deposits ($000)
(Source: GA DOL)

	30-Jun-08	*30-Jun-09*	*% Change*
Carroll	$2,076,996	$2,029,633	-2.3%
Coweta	$1,458,676	$1,545,340	5.9%
Douglas	$1,444,814	$1,455,823	0.8%
Haralson	$452,483	$434,543	-4.0%
Paulding	$1,121,565	$1,065,997	-5.0%
Georgia	$184,318,462	$186,132,037	1.0%

Film and Media

filmed in the area. *The Conjurer* (2008), starring John Schneider, was filmed in Carroll County by Red Five Entertainment. Red Five, a California-based company, has subsequently opened an office in Carrollton. Another of their regionally-based films, *The Way Home* starring Dean Cain, premiered at the Fox Theatre in 2009.

The impact of films is spread across many sectors of the economy. Senator Mitch Seabaugh, who helped craft the first film incentive bill in 2005 as well as the 2008 extensions, points out that when a film comes to shoot, it isn't just an actor that comes to work. The crew consists of skilled laborers such as electricians, set designers, camera operators, etc. Workers stay at local hotels, eat at restaurants, and shop at stores. Building supplies are purchased. Locals are hired to aid with the film as well. Occasionally, memorable locations in the films may themselves become a draw for tourism, such as the Whistle Stop Café in Juliette, GA, which appeared in *Fried Green Tomatoes*. As a tourist attraction, these venues can provide the surrounding communities with long-term economic benefits.

West Georgia has also captured the attention of the print media. Southern Living Magazine will be featuring Historic Senoia's McNight Gin property in 2010 as the site of an "Idea House." Plans are for the home to be completed and ready to be photographed by May, and open to the public by June. The style of building, known as a brownstone, is similar to those seen in New York, and as such, may be attractive as a production location. Locals expect tens of thousands of visitors to the property. Four more houses on the property are currently in the developmental stages.

Ashton Kutcher during filming at Riverwood Studios for the film Five Killers. Action shots are filmed against a green screen.
Photo courtesy of Scott Tigchelaar

To leverage potential growth opportunities in this industry, the Georgia Career Academy awarded a $150,000 grant to the Central Education Center in Coweta County intended to enhance its video and music technology programs.

Update

On a positive note, the most recent unemployment rates and initial unemployment claims data suggest a leveling off in both the state and in the West Georgia region. In December 2009, the state saw a total of 100,896 new unemployment claims, 21% below the December 2008 level. Three of the five counties in the region, (Carroll, Haralson, and Paulding) had fewer claims in December 2009 compared to a year ago while Coweta and Douglas saw initial claims rise only modestly in December 2009 (up 2.8% and 0.5%, respectively).

Housing activity remains at historically low levels in the region. All counties in the West Georgia area sustained substantial declines in single family permit activity in excess of 37.5% over the past year. Carroll experienced the largest percentage declines (75.4%). Based on 2009 Census estimates, housing permits fell an average of 52% for the region in 2009, and by more than 90% from the peak in 2005.

The most recent employment data (2009Q2) show job losses in all counties in the region. Overall job losses were the smallest in Carroll County, down 3.4% and the highest in Douglas County, off 9.7%. The downturn in state and local tax revenue has been quite severe during this recession yet government employment in the region and in the state has been impacted far less than in the private sector. Major recent business closings resulting in the loss of a significant number of jobs include the Rite Aid Distribution Center in Newnan, the Carlisle Tire Plant in Bowdon, and Steelcase in Lithia Springs. Construction is expected to begin in 2010 on a cancer treatment hospital in Newnan. The facility will eventually generate 500 new jobs in the Newnan economy.